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**THE IDEA VILLAGE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 8/27/08

THE IDEA VILLAGE, INC.

DECEMBER 31, 2007

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL STATEMENTS</u>	
Accountants' Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10

WINSTON & POOLE
CERTIFIED PUBLIC ACCOUNTANTS
(A PROFESSIONAL CORPORATION)

Board of Directors
The Idea Village, Inc.
New Orleans, Louisiana

We have compiled the accompanying statement of financial position of The Idea Village, Inc. (a nonprofit corporation) as of December 31, 2007, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Winston & Poole, CPA's (PC)

Metairie, Louisiana
July 28, 2008

THE IDEA VILLAGE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

Cash and cash equivalents	\$ 357,444
Pledges receivable	31,500
Due from JT Development	29,506
Fixed assets	4,438
Deposits	<u>2,500</u>
	<u>\$ 425,388</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ <u>42,301</u>
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Net Assets

Unrestricted	162,427
Temporarily restricted	<u>220,660</u>
	<u>383,087</u>
	<u>\$ 425,388</u>

See Notes to the Financial Statements

THE IDEA VILLAGE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2007

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES AND SUPPORT</u>			
Contributions	\$ 343,253	\$ 189,160	\$ 532,413
Interest income	6,066		6,066
Other income	3,892		3,892
Net assets released from restrictions	<u>569,500</u>	<u>(569,500)</u>	<u>0</u>
	<u>922,711</u>	<u>(380,340)</u>	<u>542,371</u>
<u>EXPENSES AND LOSS</u>			
Program activities	721,469		721,469
General and administrative	130,140		130,140
Fundraising	84,406		84,406
Bad debt loss		<u>15,000</u>	<u>15,000</u>
	<u>936,015</u>	<u>15,000</u>	<u>951,015</u>
DECREASE IN NET ASSETS	(13,304)	(395,340)	(408,644)
NET ASSETS - Beginning of year	<u>175,731</u>	<u>616,000</u>	<u>791,731</u>
NET ASSETS - End of year	<u><u>\$ 162,427</u></u>	<u><u>\$ 220,660</u></u>	<u><u>\$ 383,087</u></u>

See Notes to the Financial Statements

THE IDEA VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	Programs	Support Services Management & General	Fundraising	Total
Bank service charges	\$ 254	\$ 80	\$ 51	\$ 385
Contract labor	3,954	1,241	805	6,000
Depreciation	581	182	118	881
Dues and subscriptions	143	45	29	217
Grants awarded	113,064			113,064
Insurance	943	296	192	1,431
Interest expense	425	133	87	645
Maintenance - office	444	140	91	675
Marketing	40,392			40,392
Miscellaneous	2,950	926	600	4,476
Office	14,667	4,602	2,985	22,254
Parking and tolls	1,378	433	281	2,092
Postage and delivery	420	132	86	638
Professional development	587	184	119	890
Professional fees-accountants	2,297	721	467	3,485
Professional fees-consultants	139,463			139,463
Professional fees-interns	13,810			13,810
Rent	23,726	7,445	4,829	36,000
Salaries	308,330	96,750	62,750	467,830
Payroll taxes and employee benefits	35,204	11,046	7,164	53,414
Taxes and licenses	37	11	7	55
Telephone	2,016	632	410	3,058
Travel & entertainment	11,855	3,720	2,413	17,988
Utilities	4,529	1,421	922	6,872
	<u>\$ 721,469</u>	<u>\$ 130,140</u>	<u>\$ 84,406</u>	<u>\$ 936,015</u>

See Notes to the Financial Statements

THE IDEA VILLAGE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (408,644)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	881
Decrease in pledges receivable	370,500
Increase in due from JT Development	(29,506)
Increase in accounts payable	<u>37,305</u>
Net cash used by operations	<u>(29,464)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Property purchases (construction-in-progress)	<u>(3,144)</u>
Net cash used by investing activities	<u>(3,144)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments - bank loans	<u>(40,000)</u>
Net cash used by financing activities	<u>(40,000)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (72,608)

CASH AND CASH EQUIVALENTS - Beginning of year 430,052

CASH AND CASH EQUIVALENTS - End of year \$ 357,444

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Idea Village, Inc. (the "Village") is a not-for-profit organization established in 2002 to generate economic development in the New Orleans region by commercializing ideas and accelerating the growth of entrepreneurial companies. The Idea Village focuses primarily on early-stage companies, providing targeted services and access to third-party capital - including venture capitalists, corporate and individual investors. The Idea Village offers a broad network of professionals, mentors and investors. The Idea Village guides companies as to the most efficient and effective means of raising venture capital and accelerating success.

Due to the impact of Hurricane Katrina on the New Orleans area, the Village established a fund, the IV Business Relief Fund, to provide short-term financial assistance and/or professional consulting services to local entrepreneurs trying to reopen their businesses. Donors are able to designate that their contributions to the Village be used for this purpose. The Idea Village assesses, qualifies and performs general due diligence before awarding monetary grants and/or consulting services to applicant companies.

The Village has also developed a revitalization strategy to support entrepreneurs determined to rebuild their businesses in the New Orleans area. Its goal is to secure strong, sustainable commercial corridors that will serve as community "anchors," fueling private investment and giving residents a greater sense of confidence, ownership and participation in their neighborhoods.

Basis of Accounting

The financial statements of The Idea Village, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges and Grants

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The Village currently has no assets that would be required to be treated as permanently restricted.

Temporarily restricted net assets at December 31, 2007 consist of the present value of pledges to be received in future years and a contribution received in December 2007 from a donor that is designated for use with a project that will take place in 2008.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Receivables from patrons are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances.

Management has determined that two pledges made in a previous year will not be fulfilled, largely due to the impact of Hurricane Katrina on these donors. Management has charged \$15,000 to bad debt loss on the Statement of Activities and Changes in Net Assets to reflect the write off of these receivables and properly state pledges receivable.

Fixed Assets and Depreciation

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Village capitalizes all property and equipment with a cost of \$1,000 if purchased and a fair market value of \$1,000 at date of donation if received by contribution. Depreciation is computed over the estimated useful lives of the respective assets on the straight-line basis. The estimated useful life of the assets used for depreciation purposes is generally three years.

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals to be initiated in a subsequent year.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Village is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Concentration of Contributions or Grants

The Village receives significant support from donors who are members of its board of directors. The Village also receives significant support from the Louisiana Disaster Relief Fund.

The Village serves the greater New Orleans area. On August 29, 2005, Hurricane Katrina exacted significant damage on the infrastructure of the City of New Orleans. Both the board of directors and the managers of the Village are committed to working toward the organization's mission. Hurricane Katrina's long-term effect on the greater New Orleans area is unknown at this time.

Donated Goods and Services

Donated services are recognized as contributions in accordance with SFAS No. 16, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Village.

The Village generally pays for services requiring specific expertise.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of a time analysis determined by management. Such expenses include management and general expenses that are not directly identifiable with any one specific function but provide for the overall support and direction of the organization.

Advertising

The Village incurs advertising/marketing costs to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. The Village did not incur any such advertising/marketing costs in 2007.

Marketing costs reported on the Statement of Functional Expenses are expenditures for businesses being assisted by the organization.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

2. PLEDGES RECEIVABLE

Unconditional promises of donors to make contributions to the Village are included in the financial statements as pledges receivable and revenue after discounting projected future cash flows to the present value using a discount rate of 3%. At December 31, 2007, all pledges receivable are expected to be collected in 2007. Accordingly, no discount has been recorded.

3. FIXED ASSETS

At December 31, 2007, fixed assets consist of the following:

Furniture and fixtures	\$ 976
Equipment	24,066
Leasehold improvements	<u>3,144</u>
	28,186
Less accumulated depreciation	<u>(23,748)</u>
	\$ <u>4,438</u>

To address the physical and resource issues faces by businesses in the aftermath of Hurricane Katrina, the Village is developing community Business Innovation Centers, with the pilot center under development in the Upper Ninth Ward of New Orleans. Leasehold improvements of \$3,144 relate to the renovation of a property at 3232 North Galvez Street (i.e. The Idea Village @ N. Galvez).

The second Business Innovation Center is under construction in the Warehouse District of New Orleans (i.e. The Central Idea Village). Assets include \$29,506 due from JT Development related to the renovation of this property. JT Development has agreed that it will reimburse the Village for architectural fees incurred to develop plans for this Center.

4. NOTES PAYABLE

The Village has a line of credit with First Bank & Trust. As of December 31, 2007, there were no loans outstanding.

5. COMMITMENTS

The Village leases office space under an operating lease that expired in December 2005. Total rental expense for this operating lease in 2007 was \$36,000.

The Village is currently negotiating a lease on the Business Innovation Center under construction in the Warehouse District. The Village is also negotiating the purchase of the Business Innovation Center under construction on North Galvez Street.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

6. GRANTS AWARDED

At December, 31, 2007, the IV Business Relief Fund had no undistributed funds, having distributed grants of \$113,064 related to the current year.

7. STATEMENT OF CASH FLOWS – SUPPLEMENTAL INFORMATION

Cash paid for interest was \$1,431.